

**GOVERNMENT OF INDIA  
PETROLEUM AND NATURAL GAS  
LOK SABHA**

UNSTARRED QUESTION NO:1528

ANSWERED ON:18.11.2010

REDUCTION IN TAX RATE OF PETROLEUM

Singh Shri Rajiv Ranjan (Lalan);Yadav Shri Dinesh Chandra

**Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:**

- (a) whether the Union Government has requested the State Governments to reduce rate of taxes on petroleum products;
- (b) if so, whether the Governments has also mentioned any average tax rate to maintain a uniform tax rate on petroleum products all over the country; and
- (c) if so, the details thereof?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS(SHRI JITIN PRASADA)

(a)to(c): The Central Government has requested the State Governments to rationalize their taxes on sensitive petroleum products; namely Petrol, Diesel, PDS Kerosene and Domestic LPG, and also shift from the ad-valorem tax rates to specific tax component, for providing relief to the consumers. The Central Government has not recommended any uniform tax rate to the State Governments.

Consequently, the Government of National Capital Territory of Delhi has reduced the VAT rate on Diesel from 20% to 12.5% w.e.f 20th July, 2010. The Government of Bihar has reduced VAT on PDS Kerosene from 12.5% to 4% w.e.f. 12.7.2010. The Government of Goa has reduced VAT rates on Petrol, Diesel and Domestic LPG w.e.f. from 17th July, 2010 as follows:

Product    Changes

Petrol    Reduction in VAT rate from 22% to 20%

Diesel    Reduction in VAT rate from 20% to 18%

Domestic LPG Reduction in VAT rate from 4% to Nil

The Government of West Bengal has reduced Sales Tax on PDS Kerosene from 4% to Nil w.e.f. 1.09.2010.